

CSFs - Working Capital requirements of Coop. Sugar Factories for the season 2008-09 – Availing financial assistance for working capital from APCOB – Issue of Government default Guarantee for an amount of Rs.171.50 Crores in favour of APCOB – Orders – Issued.

INDUSTRIES AND COMMERCE (SUGAR) DEPARTMENT

Dated:17-01-2009.

From the Commissioner of Sugar and Cane Commissioner, D.O.Lr
Rc.Lr.No.5034/2008/DI, dated:13-10-2008&06-01-2008.

The Commissioner of Sugar and Cane Commissioner A.P., Hyderabad in the reference read above, has requested the Government to extend unconditional irrevocable Government default Guarantee in favour of A.P. State Cooperative Bank, Hyderabad, for credit authorization for working capital Finance (sugar pledge Loan) to an extent of Rs.171.50 crores in respect of the following 9 Cooperative Sugar Factories which are having negative net worth to meet the working capital requirement. Apart from the Government default guarantee, the fixed assets of Cooperative Sugar Factories i.e. land and buildings machinery stand, mortgaged, in favour of APCOB/ DCCB and also hypothecation of sugars stocks as security for recovery of the loans:-

S.I NO.	Name of the Cooperative Sugar Factories	Working capital requirement (Rs. crores)
1.	Sri Venkateswara Coop. Sugars Ltd., Renigunta	22.00
2.	Chittoor Coop. Sugars Ltd., Chittoor	30.00
3.	Kovur Coop. Sugars Ltd., Nellore	29.00
4.	Sri Vijayarama Gajapathi Coop. Sugars Ltd., Bhimasinghi.	20.00
5.	Thandava Coop. Sugars Ltd., Payakaraopeta.	25.00
6.	Anakapalli VV Ramana Coop. Sugars Ltd., Thummapala.	15.00
7.	NVR & ADR Coop. Sugars Ltd., Tenali	10.00
8.	Nizamabad Coop. Sugars Ltd., Nizamabad	14.00
9.	Cuddapah Coop. Sugars Ltd., Cuddapah.	6.50
	TOTAL	171.50

2. The Government, after careful consideration of the proposal, hereby extend an un-conditional irrevocable Government default Guarantee in favour of the APCOB., Hyderabad, for credit authorization to the extent of **Rs.171.50 Crores (Rupees one hundred and Seventy One crores and fifty lakhs only)** towards working capital finance for 2008-09 crushing season, against pledge of sugar stocks, and to avail hypothecation limits valid up to October, 009 on stores material to the above mentioned nine (9) Cooperative Sugar Factories, for the amounts indicated against each.

3. The Managing Director, APCOB., Hyderabad is requested to sanction / release the amounts to the above said Cooperative Sugar Factories. Government liability will arise only after the Bank has exhausted / taken all steps to recover their dues, including disposal of assets, and only thereafter, approach the Government for the balance amount of default guarantee.

4. The Managements of the Cooperative Sugar Factories shall pay Guarantee Commission @ ½% per annum (or) 2% consolidated for the entire guarantee period fixed, before execution of Guarantee Deed, and also repay the loan amount, as per the terms and conditions of the APCOB., Hyderabad.
5. The Commissioner of Sugar and Cane Commissioner shall ensure that the Managements of the above Sugar Factories prudently manage their finances and repay loan obligations themselves. He shall monitor utilization of loan funds as well as all other funds, including the revenue generated from sale of sugar. He shall inform the actual amount released by the APCOB., Hyderabad to the aforesaid 9 (nine) Cooperative Sugar Factories, to execute default Guarantee by the State Government.
6. Separate Guarantee Deeds will be executed by the Secretary to Government, Finance Department, after the actual amounts are sanctioned by the APCOB., Hyderabad.
7. This order issues with the concurrence of Finance (DMC) Department vide their U.O.No.1235/18/Exp.I&C/09, dated 16-01-09

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**B. SAM BOB
PRINCIPAL SECRETARY TO GOVERNMENT AND
COMMISSIONER, INDUSTRIAL PROMOTION**

To
The Commissioner of Sugar and Cane Commissioner, A.P.,
Hyderabad.
The Managing Director, A.P. State Coop. Bank Ltd.,
Troop Bazar, Hyderabad-500 001.
The National Cooperative Development Corporation,
New Delhi.
The Managing Directors concerned thro' Commissioner
& Director of Sugar and Cane Commissioner, Hyderabad.

Copy to:

The Accountant General, A.P., Hyderabad.
The Director of Treasuries & Accounts, Hyderabad.
The Finance (DMC) Dept.
The Finance (Exp.I&C) Dept.
The P.S. to Minister for Major Industries & Sugar
The P.S. to Minister for Finance.
The P.S. to Addl. Secretary to C.M.
S.F./SCs.

//FORWARDED: BY ORDER//

SECTION OFFICER